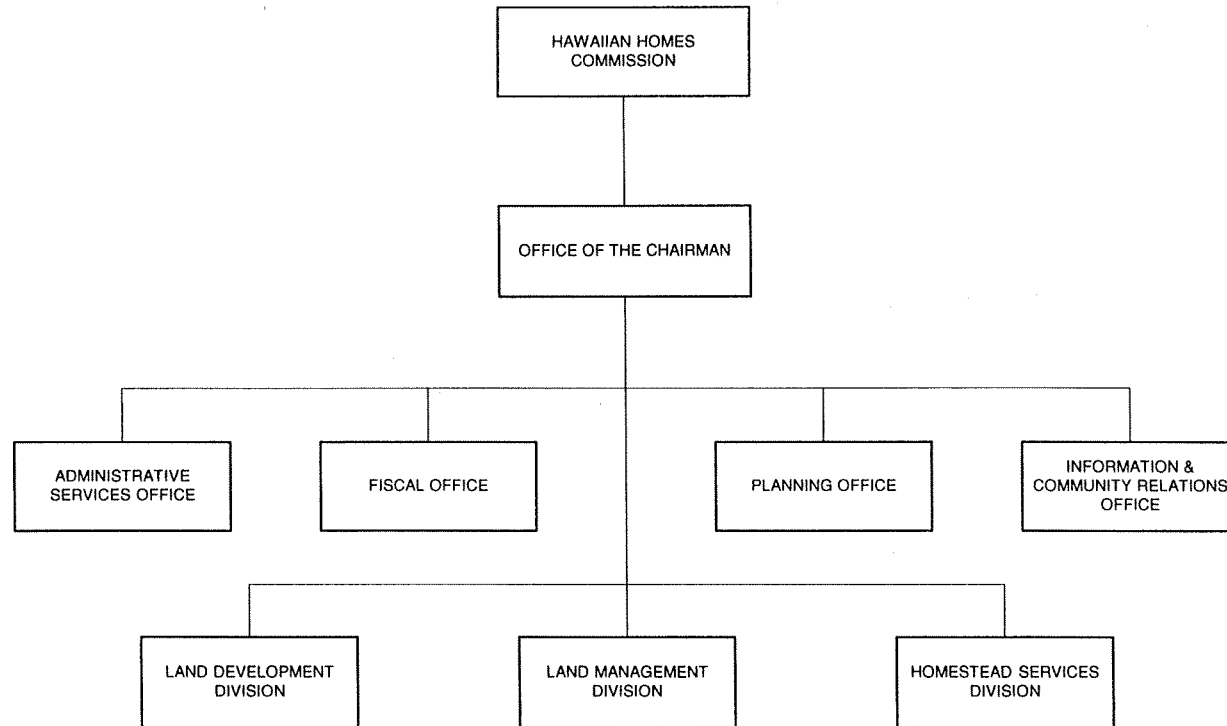


Department of Hawaiian Home Lands

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
PLAN OF ORGANIZATION



DEPARTMENT OF HAWAIIAN HOME LANDS

MAJOR FUNCTIONS

- Identifying and assessing the needs of beneficiaries of the Hawaiian Homes Commission Act (HCCA) through research and planning; compiling data needed for the development and utilization of Hawaiian home lands and other physical resources of the Hawaiian Homes Trust; identifying Hawaiian home lands by physical characteristics, lands use, and planned use of the lands; and developing and updating regional master plans for designated areas
- Developing, marketing, disposing of, and managing Hawaiian home lands not immediately needed or not suitable for homestead purposes by issuing general leases, revocable permits, licenses, and rights-of-entry to generate income to finance homestead lot development activities
- Developing Hawaiian home lands for homesteading and income-producing purposes by designing and constructing off-site and on-site improvements
- Developing waiting lists of applicants for homestead leases; awarding homestead leases; providing loans for home building, repair, and replacement and for development of farms and ranches; managing homestead areas on the islands of Oahu, Hawaii, Maui, Molokai, Kauai and Lanai; and providing for the maintenance, repair, and operation of water systems, roads, and facilities

MAJOR PROGRAM AREAS

The Department of Hawaiian Home Lands has a program in the following major program area:

Social Services

HHL 602 Planning, Development, Management, and
General Support for Hawaiian Homesteads

DEPARTMENT OF HAWAIIAN HOME LANDS

Department Summary

Mission Statement

To manage the Hawaiian Home Lands Trust effectively and to develop and deliver land to native Hawaiians.

Department Goals

To effectively manage the trust's lands, water, and related resources; to develop and deliver of land for award to beneficiaries on an on-going basis; to develop and deliver program services that meet the housing needs for native Hawaiians; to effectively develop and manage of financial resources; to effectively manage the department's human resources and to establish better relationships with the native Hawaiian community, governmental agencies, individual homestead communities, and the community at large.

Significant Measures of Effectiveness

1. # new residential homesteads awarded as % of planned homesteads
2. # direct residential loans granted as % of loans planned
3. # of homes constructed as % planned for construction

FY 2006	FY 2007
100%	100%
100%	100%
100%	100%

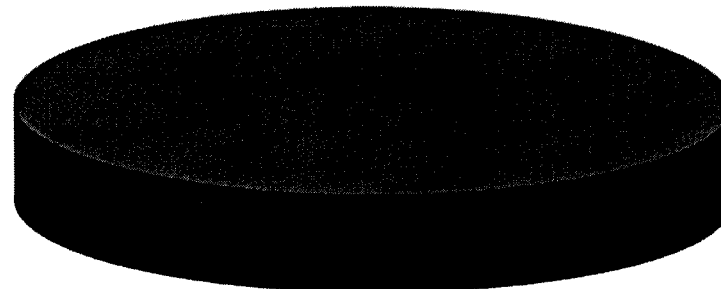
FB 2005-2007 Budget by Major Program

FY 2006



Social Services,
\$9,129,838, 100%

FY 2007



Social Services,
\$9,129,838, 100%

Department of Hawaiian Home Lands
(Operating Budget)

		<u>FY 2005 Allocation</u>	<u>FY 2006</u>	<u>FY 2007</u>
Funding Sources:	Positions	18.00	18.00	18.00
General Fund	\$	792,571	817,559	817,559
		100.00	100.00	100.00
Special Funds		7,974,150	8,312,279	8,312,279
		118.00	118.00	118.00
Total Requirements		<u>8,766,721</u>	<u>9,129,838</u>	<u>9,129,838</u>

Highlights of the Executive Biennium Budget Request:

1. Provided \$219,365 in each year in special funds for fringe benefit rate increases.

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID:

REPORT P61-A

PROGRAM STRUCTURE NO.

PROGRAM TITLE: DEPARTMENT OF HAWAIIAN HOME LANDS

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	118.00*	118.00*	118.00*	118.00*	118.0*	118.0*	118.0*	118.0*
PERSONAL SERVICES	4,528,541	6,219,537	6,726,189	6,726,189	6,727	6,727	6,727	6,727
OTHER CURRENT EXPENSES	2,087,633	2,403,649	2,403,649	2,403,649	2,404	2,404	2,404	2,404
EQUIPMENT								
TOTAL OPERATING COST	6,616,174	8,623,186	9,129,838	9,129,838	9,131	9,131	9,131	9,131
BY MEANS OF FINANCING								
GENERAL FUND	29.00*	18.00*	18.00*	18.00*	18.0*	18.0*	18.0*	18.0*
	1,153,115	775,293	817,559	817,559	818	818	818	818
SPECIAL FUND	89.00*	100.00*	100.00*	100.00*	100.0*	100.0*	100.0*	100.0*
	5,463,059	7,847,893	8,312,279	8,312,279	8,313	8,313	8,313	8,313
CAPITAL IMPROVEMENT COSTS								
PLANS			1,000	1,000				
LAND ACQUISITION			1,000	1,000				
DESIGN	71,000		1,000	1,000				
CONSTRUCTION	2,000		9,996,000	9,996,000				
EQUIPMENT			1,000	1,000				
TOTAL CAPITAL EXPENDITURES	73,000		10,000,000	10,000,000				
BY MEANS OF FINANCING								
G.O. BONDS	73,000		10,000,000	10,000,000				
TOTAL POSITIONS	118.00*	118.00*	118.00*	118.00*	118.00*	118.00*	118.00*	118.00*
TOTAL PROGRAM COST	6,689,174	8,623,186	19,129,838	19,129,838	9,131	9,131	9,131	9,131

Department of Hawaiian Home Lands
(Capital Improvements Budget)

	<u>FY 2006</u>	<u>FY 2007</u>
Funding Sources:		
General Obligation Bonds	10,000,000	10,000,000
Total Requirements	<u>10,000,000</u>	<u>10,000,000</u>

Highlights of the Executive CIP Budget Request:

1. Provided \$10 million in general obligation bond funds in FY 06 and FY 07 for HHL housing initiatives.

STATE OF HAWAII
PROGRAM ID

PROGRAM STRUCTURE NO.

PROGRAM TITLE

**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
IN THOUSANDS OF DOLLARS**

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DEPARTMENT OF HAWAIIAN HOME LANDS

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD								SUCCEED YEARS
			COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	
			PLANS	3		1		1	1					
			LAND	2				1	1					
			DESIGN	365	362	1		1	1					
			CONSTRUCTION	21,854	1,264	598		9,996	9,996					
			EQUIPMENT	2				1	1					
			TOTAL	22,226	1,626	600		10,000	10,000					
			G.O. BONDS	22,226	1,626	600		10,000	10,000					

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Operating Budget Details

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID:

PROGRAM STRUCTURE NO. 06

PROGRAM TITLE: SOCIAL SERVICES

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	118.00*	118.00*	118.00*	118.00*	118.0*	118.0*	118.0*	118.0*
PERSONAL SERVICES	4,528,541	6,219,537	6,726,189	6,726,189	6,727	6,727	6,727	6,727
OTHER CURRENT EXPENSES	2,087,633	2,403,649	2,403,649	2,403,649	2,404	2,404	2,404	2,404
EQUIPMENT								
TOTAL OPERATING COST	6,616,174	8,623,186	9,129,838	9,129,838	9,131	9,131	9,131	9,131
BY MEANS OF FINANCING								
GENERAL FUND	29.00*	18.00*	18.00*	18.00*	18.0*	18.0*	18.0*	18.0*
	1,153,115	775,293	817,559	817,559	818	818	818	818
SPECIAL FUND	89.00*	100.00*	100.00*	100.00*	100.0*	100.0*	100.0*	100.0*
	5,463,059	7,847,893	8,312,279	8,312,279	8,313	8,313	8,313	8,313
CAPITAL IMPROVEMENT COSTS								
PLANS			1,000	1,000				
LAND ACQUISITION			1,000	1,000				
DESIGN	71,000		1,000	1,000				
CONSTRUCTION	2,000		9,996,000	9,996,000				
EQUIPMENT			1,000	1,000				
TOTAL CAPITAL EXPENDITURES	73,000		10,000,000	10,000,000				
BY MEANS OF FINANCING								
G.O. BONDS	73,000		10,000,000	10,000,000				
TOTAL POSITIONS	118.00*	118.00*	118.00*	118.00*	118.00*	118.00*	118.00*	118.00*
TOTAL PROGRAM COST	6,689,174	8,623,186	19,129,838	19,129,838	9,131	9,131	9,131	9,131

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID: HHL602

REPORT P61-A

PROGRAM STRUCTURE NO. 0603

PROGRAM TITLE: PLANNG, DEV, MGT & GEN SPPT FOR HAWN HMS

PROGRAM EXPENDITURES	-IN DOLLARS-				-IN THOUSANDS-			
	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	118.00*	118.00*	118.00*	118.00*	118.0*	118.0*	118.0*	118.0*
PERSONAL SERVICES	4,528,541	6,219,537	6,726,189	6,726,189	6,727	6,727	6,727	6,727
OTHER CURRENT EXPENSES	2,087,633	2,403,649	2,403,649	2,403,649	2,404	2,404	2,404	2,404
EQUIPMENT								
TOTAL OPERATING COST	6,616,174	8,623,186	9,129,838	9,129,838	9,131	9,131	9,131	9,131
BY MEANS OF FINANCING								
GENERAL FUND	29.00*	18.00*	18.00*	18.00*	18.0*	18.0*	18.0*	18.0*
	1,153,115	775,293	817,559	817,559	818	818	818	818
SPECIAL FUND	89.00*	100.00*	100.00*	100.00*	100.0*	100.0*	100.0*	100.0*
	5,463,059	7,847,893	8,312,279	8,312,279	8,313	8,313	8,313	8,313
CAPITAL IMPROVEMENT COSTS								
PLANS			1,000	1,000				
LAND ACQUISITION			1,000	1,000				
DESIGN	71,000		1,000	1,000				
CONSTRUCTION	2,000		9,996,000	9,996,000				
EQUIPMENT			1,000	1,000				
TOTAL CAPITAL EXPENDITURES	73,000		10,000,000	10,000,000				
BY MEANS OF FINANCING								
G.O. BONDS	73,000		10,000,000	10,000,000				
TOTAL POSITIONS	118.00*	118.00*	118.00*	118.00*	118.00*	118.00*	118.00*	118.00*
TOTAL PROGRAM COST	6,689,174	8,623,186	19,129,838	19,129,838	9,131	9,131	9,131	9,131

PERFORMANCE MEASURES AND PROGRAM REVENUES

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PROGRAM ID: HHL-602

PROGRAM STRUCTURE NO: 0603

PROGRAM TITLE: PLANNG, DEV, MGT & GEN SPPT FOR HAWN HMS

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 # NEW RES HOMESTEADS AWARDED AS % PLND HOMESTDS	36.67	100	100	100	100	100	100	100
2 # LOTS RE-AWARDED AS % LOTS SURRENDERED	400	100	100	100	100	100	100	100
3 # DIRECT RESIDNTL LOANS GRANTED AS % LOANS PLANND	110.84	100	100	100	100	100	100	100
4 # DIRECT AG LOANS GRANTED AS % LOANS PLANNED	10	100	100	100	100	100	100	100
5 # NEW GEN LEASES AWARDED AS % PLANNED FOR AWARD	0	0	0	0	0	0	0	0
6 # OF HOMES CONSTRUCTED AS % PLANND FOR CONST	34.78	100	100	100	100	100	100	100
7 # FHA LOANS GRANTED AS % FHA LOANS PLANNED	137.12	100	100	100	100	100	100	100
8 # NEW RES HOMESTDS AWARDED AS % # ON WAITING LIST	0.55	1.13	1.1	1.07	1.04	1.01	0.98	0.95
9 # AG HOMESTDS AWARDED AS % # ON WAITING LIST	0.03	0	0	0	0	0	0	0

PROGRAM TARGET GROUPS

1 # NEW HOMESTEAD LOTS PLANNED FOR AWARD	270	210	210	210	210	210	210	210
2 # NEW HOMES PLANNED FOR CONSTRUCTION	230	210	210	210	210	210	210	210
3 # RESIDENTIAL LOANS PLANNED	83	83	83	83	83	83	83	83
4 # AGRICULTURAL LOANS PLANNED	10	1	1	1	1	1	1	1
5 # FHA LOANS PLANNED	396	396	396	396	396	396	396	396
6 # NEW GENERAL LEASES PLANNED FOR AWARD	0	0	0	0	0	0	0	0
7 # APPLICANTS ON RESIDENTIAL WAITING LIST	17987	18527	19082	19655	20245	20852	21477	22122
8 # APPLICANTS ON AGRICULTURAL WAITING LIST	2989	3004	3034	3064	3095	3126	3157	3189

PROGRAM ACTIVITIES

1 NO OF RESIDENTIAL LOANS GRANTED	92	83	83	83	83	83	83	83
2 NO OF AGRICULTURAL LOANS GRANTED	1	1	1	1	1	1	1	1
3 NO OF FHA LOANS GRANTED	543	396	396	396	396	396	396	396
4 NO OF NEW HOMESTEAD LOTS AWARDED	99	210	210	210	210	210	210	210
5 % OF LOANS THAT ARE DELINQUENT	36	31	26	21	16	11	6	1
6 NO OF NEW GENERAL LEASES AWARDED	1	0	0	0	0	0	0	0
7 NO OF NEW HOMES CONSTRUCTED	80	210	210	210	210	210	210	210
8 NO OF LOTS RE-AWARDED	20	51	51	51	51	51	51	51
9 # OF LOTS SURRENDERED	5	51	51	51	51	51	51	51
10 NO OF OUTSTANDING LOANS	3694	3768	3843	3920	3999	4078	4160	4243

PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):

TAXES
 LICENSES, PERMITS AND FEES
 REVENUES FROM THE USE OF MONEY AND PROPERTY
 REVENUE FROM OTHER AGENCIES: FEDERAL
 ALL OTHER
 CHARGES FOR CURRENT SERVICES
 FINES, FORFEITS AND PENALTIES
 NON-REVENUE RECEIPTS

TOTAL PROGRAM REVENUES

A. Statement of Program Objective

To develop and manage the designated Hawaiian Home Lands to create more homesteads for native Hawaiians (as defined by the Hawaiian Homes Commission Act, 1920, as amended) and generate the revenues needed to administer the program. Through the use of these revenues, leased lands, loan funds and technical assistance will be provided to native Hawaiians.

B. Description of Request and Compliance with Act 263, SLH 1994

The department did not propose any new programs.

C. Description of Activities Performed

1. Major activities include: identifying and assessing the needs of beneficiaries of the Hawaiian Homes Commission Act (HHCA) through research and planning; compiling data needed for the development and utilization of Hawaiian home lands and other physical resources of the Hawaiian Homes Trust; identifying Hawaiian home lands by physical characteristics, land uses, and planned use of the lands; and developing and updating regional master plans for designated areas;
2. Developing Hawaiian home lands for homesteading and income-producing purposes by designing and constructing off-site and on-site improvements of subdivisions;
3. Developing waiting lists of applicants for homestead leases; awarding homestead leases; providing loans for home building, repair, and replacement and for development of farms and ranches; managing homestead areas on the islands of Oahu, Hawaii, Maui, Molokai, and Kauai; and providing for the maintenance, repair, and operation of water systems, roads, and facilities;
4. Developing, marketing, disposing of, and managing Hawaiian home lands not immediately needed or not suitable for homestead purposes by issuing general leases, revocable permits, licenses, and rights-of-entry to generate income to finance homestead lot development activities; and
5. Providing for overall program direction and administrative services including, but not limited to, accounting, financial management, fiscal services, legal counsel, public information,

personnel, budgeting, program evaluation, human resource management and other support activities.

D. Statement of Key Policies

Planning and implementation of program activities are focused on following:

1. Effective management of the trust's land, water, and related resources.
2. Development and delivery of land for award to beneficiaries on an on-going basis.
3. Development and delivery of programs and services that meet the housing needs of native Hawaiians.
4. Effective development and management of financial resources
5. Effective management of the department's human resources.
6. Establishment of better relationships with the native Hawaiian community, governmental agencies, individual homestead communities, and the community at large.

E. Identification of Important Program Relationships

The United States has oversight responsibility to ensure the HHCA properly administered. The U.S. Department of the Interior serves the lead agency in DHHL's interactions with the Federal Government.

DHHL maintains working relationships with Federal, State and County agencies involved in land use, land development, water resource development and utilization, housing, agricultural development and financial assistance. Federal agencies include the U.S. Department of Housing and Urban Development, Federal Housing Administration, U.S. Department of Agriculture, Rural Development (formerly Farm Home Administration), Soil Conservation Service and the Department of Veterans Affairs. State agencies include the Department of Land and Natural Resources, Department of Agriculture, Department of Transportation, the University of Hawaii Extension Service, Department of Health, Office of State Planning, Housing and Community Development.

Corporation of Hawaii. DHHL works closely with all four County governments.

DHHL maintains working relationships with other public and private organizations serving native Hawaiians, including, but not limited to, the Office of Hawaiian Affairs, Alu Like, Inc., Bishop Estate and Kamehameha Schools, the Liliuokalani Trust and various Hawaiian homestead community associations.

Description of Major External Trends Affecting the Program

1. In the 84 years since the Hawaiian Homes Commission Act was enacted, only a relatively small proportion of native Hawaiians have been put on the land. The major obstacles have been first, the kind of lands set aside for the homesteading program, much of which are marginal lands in remote areas that are costly to develop, and secondly, the lack of sufficient funding for infrastructure development.
2. As of June 30, 2004, 14,615 acres of new lands were transferred into DHHL's land inventory and with the passage of the Hawaiian Home Lands Settlement Act, there is a pressing need to develop infrastructure and homes for new homestead areas to enable new lessees to reside on the land. In 1984, the Department of Hawaiian Home Lands (DHHL) undertook a major initiative to accelerate the distribution on homestead leases. During a three-year period, over 2,500 new lots were leased to native Hawaiians, including 2,000 unimproved lots. Much of the department's efforts in recent years have been focused in providing infrastructure for these raw land distributions.

DHHL is cognizant that accelerating its homesteading construction program at a time when the federal, state and county governments are facing severe financial shortages requires innovative ways to provide affordable housing.

DHHL's estimates that more than \$4.34 billion is needed to address the housing needs of the 17,590 residential applicants on the waiting list. To achieve its capital goals, the department has pursued leveraging its resources through joint ventures with other organizations servicing native Hawaiians and supporting and fostering community partnerships through programs such as the self-help housing program.

A beneficiary survey conducted in 1995 created an index of financial readiness to move to homestead land. It became apparent that there existed a large group of applicants who don't financially qualify for homeownership. Rental and rent-to-own housing, coupled with federal tax incentive and housing programs, provide a viable option in addressing applicants housing needs and will allow native Hawaiians families to transition from being renters into home owners.

The lack of funding at sufficient levels requires the department to consider alternatives such as having beneficiaries share in the cost of developing homestead lots and the use of developer agreements to build affordable housing for beneficiaries.

The American Homeownership and Economic Opportunity Act of 2000, Public Law 106-569, will enable subsidized affordable housing programs targeted to those Native Hawaiian families demonstrating the greatest need. One-half of homestead applicants fell below the 80 percent median family income level, an indicator of the need for federal intervention and support.

G.

Discussion of Cost, Effectiveness and Program Size Data

The cost of developing a residential homestead lot ranges between \$25,000 to \$50,000 per lot, depending on lot size and off-site improvements. For Fiscal Year 2004, approximately \$6.62 million in operating costs were expended to serve 28,394 clients (7,418 lessees and 20,976 applicants), averaging \$233 per client. The true costs and benefits have not been computed because they would need to take into account, not only the economic costs and benefits, but the social benefits derived from home, farm, or ranch ownership. It is very evident, however, that the program's client group has expanded as shown below.

	7/01/03	6/30/04	Increase	% Increase
Homestead Leases	7,350	7,418	68	.93%
Est. Homestead Applicants	20,489	20,976	487	2.38%

H. Discussion of Program Revenues

Not applicable

I. Summary of Analysis Performed

None

J. Further Consideration

None



Capital Budget Details

STATE OF HAWAII
PROGRAM ID

PROGRAM STRUCTURE NO. 0603

PROGRAM TITLE

HHL-602

0603

PLANNG, DEV, MGT & GEN SPPT FOR HAWN HMS

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
IN THOUSANDS OF DOLLARS

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PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE				BUDGET PERIOD						SUCCEED YEARS	
				COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10		FY 10-11
LMD001	0001		NEW	HAWAIIAN HOME LANDS DEVELOPMENT, STATEWIDE											
			PLANS	2				1	1						
			LAND	2				1	1						
			DESIGN	2				1	1						
			CONSTRUCTION	19,992				9,996	9,996						
			EQUIPMENT	2				1	1						
			TOTAL	20,000				10,000	10,000						
			G.O. BONDS	20,000				10,000	10,000						
P30019			NEW	WAIMANALO HAWAIIAN HOMES ASSOCIATION, OAHU											
			PLANS	1			1								
			DESIGN	1			1								
			CONSTRUCTION	598			598								
			TOTAL	600			600								
			G.O. BONDS	600			600								
			PROGRAM TOTALS												
			PLANS	3			1	1	1						
			LAND	2				1	1						
			DESIGN	365	362		1	1	1						
			CONSTRUCTION	21,854	1,264		598	9,996	9,996						
			EQUIPMENT	2				1	1						
			TOTAL	22,226	1,626		600	10,000	10,000						
			G.O. BONDS	22,226	1,626		600	10,000	10,000						

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